

Big Biller Secrets

Presenter: John McSpadden – Managing Director, DHR International

John McSpadden leads the Dallas office of DHR International as Managing Director. A Texas native, he leads searches in the Professional Services and Venture Capital & Private Equity Sectors. His professional services clientele include Big 4 Firms, Top National Management Consulting Firms, and 2nd Tier Accounting & Management Consulting Firms. John partners with Private Equity Funds and places CEOs, CFOs, COOs and other related executive positions within their Portfolio Companies.

His career in executive search began with a large recruiting network office in Dallas, where he earned Rookie of the Year among more than 2,500 peers. John went on to establish the Accounting practice from the ground up, cultivating a team that consistently generated revenue in excess of \$2-3M annually.

About This Segment

In John's presentation, he discusses the keys to his success including:

- Planning and executing
- Key performance metrics
- The process of annually increasing his fees
- His chameleon approach of adding new recruiting and contract staffing services to his business

Meeting: “Big Biller Secrets” by John McSpadden

If you are reviewing this episode with a team, watch the entire video and ask the group for their key takeaways and insights.

PLANNING: We all know the importance of planning; most big billers talk about the significance that effective planning played in their ability to experience a high level of success. However, John shares his exact strategy that is still utilized within his office. If part of a great recruiter's DNA is a lower level of patience, it is counterintuitive to assume that same recruiter can plan for hours on end. Instead, John's recipe for effective planning is as follows:

- **Sunday:** Plan 100 calls per day for Monday, Tuesday, and Wednesday; this equals 300 total calls and would take approximately two total hours, a realistic amount of time to devote to a strategy for a successful week.
- **8am – 9am:** Money Calls are made first - follow ups, interview preps and debriefs, offers – anything that results in a forward motion activity in the placement process.
- **10am – 12pm:** Marketing Calls. Hiring managers tend to have more of a strategic mindset in the beginning and middle of the day rather than the end of the day when they are focused on wrapping up projects and tasks. They have problems to solve, and you may reach them at an opportune time earlier in the day to help them recognize they need the right people in place to solve those problems. This is not a guarantee, but simply a higher likelihood.

- **2pm – 4pm:** Recruiting Calls. In the beginning of the day, candidates are focused on what needs to get done that day. Towards the afternoon and evening, they tend to be open, less distracted, and possibly even frustrated. This lends a higher probability to a candidate being open to the possibility of a career enhancing change.
- **1pm – 2pm and 4pm – 5pm:** Administrative time for emails, returning voicemails, sending fee agreements, briefings with his team, and so on. Emergencies do come up, but these times are reserved for dealing with nearly all of those emergencies.
- **Thursday and Friday:** Immediately reach back out to those you did not reach on Monday, Tuesday, and Wednesday. In John's experience, clients and candidates are more likely to return the call if you call twice within the same week. This shows a sense of urgency and importance around an opportunity or candidate you are working on.

After several months, the amount of time spent planning can decrease, as your plan is made for you from the previous plan of months before. The key? Start with a solid plan for Monday through Wednesday – just do it one time and see what kind of week follows if you execute as John suggests!

SENDOUTS: John's formula for consistent billings is to connect one candidate with one client per day – no matter what. Whether this is face-to-face or a telephone conversation, matching quality candidates with quality searches five times per week, twenty times per month, and over two hundred times per year will yield results! Quality is essential – but so is quantity! The two are not mutually exclusive; you can have both and John is recommending exactly that.

SOLUTIONS: Are you equally prepared and scripted to recommend a contingent approach, a retained approach, or a contract staffing solution to your clients? Being prepared and confident in your recommendations allow you to truly craft an accurate prescription for your client. Instead of being limited by one diagnosis because you only have one type of medicine in stock, learn how to prescribe retained, contingent, and contract solutions to your client.

CONTINGENT SOLUTION: John suggests a contingent approach when you have immediate candidates that can be sent out on the search, instead of requiring cold calling to identify candidates. He also recommends this solution as an answer to a limited candidate pool; present candidates as they come by your desk, but don't dedicate a significant amount of time as you would on a retained basis.

Example Script:

“Due to (factors contributing to your recommendation being a contingent one), I would recommend that we proceed on a contingent basis. Our screening and interviewing process will be thorough, but I just will not be proactively searching on your behalf. If you don't hear from me, it does not mean I'm a bad recruiter or have forgotten about you – it simply means that I am prioritizing my day based on those clients who have more critical needs and have retained me to be their primary solution. This approach will allow you to test the marketplace without any specific commitment from either you or me. Should the position become more of a priority for you to fill, then we can revisit and discuss how we can be more proactive for you in the marketplace. On a contingent basis, if you do hire someone, our service charge is an investment of 35% of the first year's total identifiable estimated compensation, to include base and a reasonable estimate of bonuses to be earned during the first year. We will provide a 30-day replacement guarantee at no additional charge as long as our fee is paid on time. What haven't we talked about that's important to you in making this decision?”

CONTRACT SOLUTION: Instead of being stumped by budget issues, provide a solution that fits the needs of that particular client's issue. Hiring a candidate on a contract basis allows the void to be filled immediately while the payroll and benefits are handled by someone else. If the candidate does well, if the short-term solution solves a long-term problem, and if the value the candidate brings to the organization far exceeds the salary they would be paid, they can be converted at that time to a full time position.

Example Script: *"Due to (circumstances), I think it is best to recommend a possible contract staffing solution in this situation. Contract staffing is the perfect solution seeing as you need additional support but not sure of the long-term viability in both the budget or the role for such a position. We have subject matter experts who can solve your issue immediately and stay for a few months or a few years. If and when you find yourself ready to hire the candidate permanently, you have the right to do so. On a contract basis, we will be the employer of record and pay the candidate's wages and provide them with benefits, handle payroll taxes, provide unemployment insurance, worker's comp, and so on. If the candidate is hired permanently, there is no additional fee due if the candidate has worked for you for more than twelve months. Prior to, our conversion fee is 35% of the first year's total identifiable compensation, less a pro-rated credit for the time already worked as a contractor. Are you open to evaluating candidates on a contract staffing basis?"*

RETAINED RECOMMENDATION: John always recommends a retained approach when the position involves relocation, as much risk and time goes into the search when relo is involved. He also believes that a replacement search garners a retained approach, and when the client has multiple searches.

Example Script: *"The bottom line is that if a CEO, a COO, or even a division manager could do both their day-to-day job AND be a successful recruiter, we wouldn't have an industry. They can't, and so we do. The reason you need a search firm is because we can knock out ten times the calls and connects in one day than you could in one week. We also have a broader depth of contacts and are not limited to those you have worked with or been introduced to by circumstance.*

It is important for you to understand how contingent recruiters operate. Once that recruiter makes about one hundred calls and has not experienced success, they by default have to move on to the next search seeing as they are working on 100% commission. Since you have not paid them yet, they need to find what's closest to money. Although you will see candidates, you will see only a few a month best case scenario. More importantly, a contingent recruiting firm has to hedge their bet by making sure that your candidate is seeing all of your competitors; this is the only way they somewhat guarantee that they are going to receive an offer.

On a retained basis, our service charge is 25% due to initiate the search, 25% due upon the presentation of three candidates, and the balance due upon successful completion of the search. You are allowing us the benefit of time; we can still now vet the candidates properly and compile a target list versus our contingent brethren who will have to move on after 100 calls with no success. Is there a reason you can see to not move forward on a dedicated and committed effort to fill this search?"

LIFTOUTS: This is a strong concept to articulate to a client; the concept of hiring an entire team from their competition helps reduce the risk of hiring just one individual and hoping it works out. If culture is key to the development of a great company, great division, and overall successes of projects and teams, being able to transfer an entire team who has worked together is a strong strategy. Since there is a war on talent, it means there is also a war on competitive intelligence from your competition. When you move an entire team, not only does that client gain competitive and strategic intelligence, they eliminate competition and that is what you need in business to be the best.

The potential return on investment is significant. To use John's example of a sales force, the time and investment required to bring in a sales force from management on down takes time and presents a chance that the mixture will not work well. When you move a team that has done it before together, and successfully, they hit the ground running in the client's organization.

If you are interested in this approach but need some additional guidance, John's fee structure is as follows:

- 30% (as an example) of first year's total identifiable compensation for the leader of the practice, usually a Director, VP, or C – level
- 15% for the next two individuals hired (rank by levels)
- 12% for the next two individuals (again ranked by levels)
- 10% for any candidate thereafter
- John's guarantees start at 90 days and increase to save fee % or retainer/container model

MARKETING BEST PRACTICES: John shares a strong list of what he and other successful recruiters have done to establish and strengthen their brand:

- **Newspapers, Business Journals, Magazines:** Resist generic advertisements and instead share specific clients and successful placements of your firm. This lends credibility and influences decisions.
- **Public Relations:** Find a PR firm to represent your firm and or you as a recruiter. That firm should proactively seek opportunities to publicize you in papers, introduce you to reporters for relevant articles, and increase your online presence. John has been quoted in dozens of papers, but outsources the grunt work needed to facilitate those introductions.
- **Email Signature:** Everyone you email sees it; what does yours do to sell your track record and provide an elevated level of branding? Create a hyperlink that shares your placements, testimonials, and specific successes.
- **Email Blasts to Clients:** John and team put together a monthly list of their top five candidates and market them to existing and prospective hiring managers. This has increased their send-outs by three more per week and helps establish an average of a new client once a month. This email does not guarantee a placement, but hiring managers look forward to these regular emails with top candidates and real-time industry insights and statistics. Simply put? John's clients have shared with him that his competition does not do this, and they appreciate that he does!